Risk managers at U.S. banks seen in more demand **** Top risk managers' salaries have doubled * Risk managers expected to have broader backgrounds –***

By Elinor Comlay

NEW YORK, June 30, 2010 (Reuters) - Bank risk managers, long Wall Street's least-glamorous staffers, are gaining status -- and pay -- after financial reform and the crisis plunged their role into the spotlight. No longer consigned to windowless offices below the trading floors, risk managers are beginning to call shots in the front office and more are being included within executive committees, headhunters report. As a sign of this new status, salaries for top risk officers have doubled in the last two years, with some chief risk officers at the biggest banks now commanding between $3 million and $4 million as a base salary, headhunters and pay consultants said.

A risk officer is responsible for working with the bank's business lines to monitor and prevent possible losses related to credit exposure, sudden market moves or operational glitches. Massive losses on loans and complex debt securities during the financial crisis prompted banks broadly to reassess risk management and reassure investors by hiring new risk experts. The financial reform bill before Congress is also adding impetus to banks' risk-management hiring, observers said.

"Risk management on the whole is on the upswing and it certainly has been in the last six months," said Steve Lindo, executive director of the Professional Risk Managers' International Association.
But Wall Street has not changed completely. In a culture where salary often equals status, risk managers are still making less money than the traders they police. A mid-level trader at a big bank can earn as much after bonus as the chief risk officer.

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Top risk managers are in short supply, headhunters say. In part, that is because banks now expect much more from risk managers than just a compliance background, they said. The trend now is to appoint risk officers with experience on the trading floor or sales desks. For instance, earlier this year Bank of America Corp (BAC.N) named former capital markets head Bruce Thompson to the position of chief risk officer. Thompson replaced Greg Curl, whose background was in corporate development -- finding companies for Bank of America to buy. Morgan Stanley in 2008 brought in former fixed-income business head Kenneth deRegt as chief risk officer, reporting directly to Chief Executive John Mack and replacing long-time risk manager Tom Daula.

"Now banks want someone with a broader base," said Gustavo Dolfino, senior managing director at search firm Accretive Solutions in New York. Banks are looking to hire risk managers with a quantitative background, maybe some knowledge of complex products such as derivatives, and experience in the credit or markets side of the business, Dolfino added.

But not everyone believes that the interest in hiring risk managers indicates that banks are in fact taking risk management more seriously. **"It's just window-dressing," said Dolfino. Banks are just trying to appease shareholders, he said.**

It may be too early to tell whether attitudes toward risk managers have changed permanently, PRMIA's Lindo said. "Our feedback is that some organizations are still in business-as-usual mode," he added, but said he expects that attitude will change once the financial reform bill is passed and banks have to operate under new rules. (Reporting by Elinor Comlay, editing by Matthew Lewis)